

WAM/RJR "Signature" Marketing Program

PROPOSAL

<u>Elements</u>	<u>WAM Distributor</u>	<u>WAM Retailer Accrual</u>
\$8.79 List Price		
1.50 Off Invoice		
<u>.33</u> EFT		
6.96		
<u>.67</u> Marketing Accrual*	\$.67*	
6.29		
<u>.40</u> RJR SOC**	\$.40**	
5.89		
<u>.14</u> WAM Rebate	\$.14	\$.14
5.75		
<u>.14</u> Retailer Accrual		
\$5.61 ***		

* Marketing Accrual increased 7¢ for 1996 (put in distributors Accrual Fund monthly, based on Signature purchases from RJR)....this 7¢ is a proposal by RJR pending concurrence by WAM and Distributors.

** Paid to distributor semi-annually on all Signature purchases from RJR.

- \$.40 guaranteed through 12/31/95
- Up to \$.50 maximum through 1996 at 1¢ per RJR SOC

*** Does not include Wholesale Partners earnings opportunity and achieving additional 10¢ SOC opportunity.

\$5.61	
<u>.10</u>	Additional up to a maximum \$.50 SOC
5.51	
<u>.21</u>	Achieving Wholesale Partners objectives
\$5.30	

(RJR Rep to determine WAM Distributors interest/opinion on proposal for Marketing Accrual to change from 60¢ to 67¢.)

51851 9736

Meeting Objectives

- Meet with customer to access their commitment to maintain the following remaining elements of the WAM Program.
 - Signature - 14¢ Retailer Accrual
 - 12 Monthly Promotions/Displays
 - \$1.50 Retailer Accrual
- Clearly explain the value in maintaining the program for distributor, retailer, RJR, and WAM Enterprises.

Key Points to Discuss

- "Signature" brand exclusive to accomplish the following:
 - Ensure distributor achieves 8¢ Partners Category II payment on all RJR/ Forsyth brands by maintaining RJR Share of Savings Category base.
- Provides WAM Retailers the following:
 - 14¢ Accrual on all "Signature" purchased.
 - "Signature" provides the retailer an RJR EDLP brand to maximize payments under RJR Retail Partners Marketing Plans.
 - Provides monthly (12) RJR promotions/displays with a \$1.50 accrual (\$18.00 maximum).
 - Purchasing RJR brands, accepting promotions/displays and having "Signature" maximizes the total earnings opportunity under all RJR Retail Partners Marketing Program.
- The "Signature" pricing and marketing program provides profit opportunity (see attached).
- RJR sees significant value in the WAM Enterprises/WAM distributor concept as follows:
 - WAM Enterprises
 - Produces and coordinates each RJR promotion/display in monthly distributors book (Full Price/Savings).
 - Tracks the \$1.50 retailer accrual.
 - Produces and coordinates each "Signature" promotion in monthly distributors book and tracks the 14¢ retailer accrual.
 - Regularly discusses and meets with each distributor to ensure maximum performance.
 - Works closely with RJR Headquarters to coordinate and achieve results.

51851 9737

- WAM Distributors
 - Commitment to selling the "Signature".
 - Commitment to selling RJR monthly promotions/displays.
 - Commitment to sell more RJR total brand portfolio to maximize Wholesale Partners earnings opportunity.
 - Creating significant Partnerships with Distributor, Retailer, and RJR Three-way Alliance.
- WAM Retailer
 - Receives significant value-added programs from WAM/RJR.
 - Enhances RJR Partners Marketing Program earnings opportunities.

51851 9738